



Auditor of Public Accounts  
Adam H. Edelen

**FOR IMMEDIATE RELEASE**

**Contact: Stephenie Steitzer**  
[stephenie.steitzer@auditor.ky.gov](mailto:stephenie.steitzer@auditor.ky.gov)  
**502.564.5841**  
**513.289.7667**

**Edelen Releases Audit of McCreary County Sheriff's Office**

**FRANKFORT, Ky.** – State Auditor Adam Edelen today released the audit of the 2011 financial statement of McCreary County Sheriff Gus H. Skinner Jr. State law requires the auditor to annually audit the accounts of each county sheriff. In compliance with this law, the auditor issues two sheriff's reports each year: one reporting on the audit of the sheriff's tax account and the other reporting on the audit of the fee account used to operate the office.

The audit found that the sheriff's financial statement presents fairly the revenues, expenditures, and excess fees of the McCreary County sheriff in conformity with the regulatory basis of accounting.

As part of the audit process, the auditor must comment on non-compliance with laws, regulations, contracts and grants. The auditor must also comment on material weaknesses involving the internal control over financial operations and reporting.

The audit contains the following comments:

**The Sheriff's Office lacks adequate segregation of duties over all accounting functions.** A lack of adequate segregation of duties exists over all accounting functions. During our review of internal controls, we noted the Sheriff's bookkeeper is responsible for opening incoming mail, receiving and recording cash, preparing of bank deposits, preparing the daily checkout sheets, posting to the receipts and disbursements ledgers, and preparing financial reports.

Limited budget places restrictions on the number of employees the Sheriff can hire. When faced with a limited number of staff, strong compensating controls should be in place to offset the lack of segregation of duties.

A segregation of duties over various accounting functions, such as opening mail, recording cash, preparing bank deposits, posting transactions to ledgers, and preparing financial reports or the

implementation of compensating controls, when needed because the number of staff is limited, is essential for providing protection from asset misappropriation and/or inaccurate financial reporting. Additionally, proper segregation of duties protects employees in the normal course of performing their responsibilities.

To adequately protect against misappropriation of assets and/or inaccurate financial reporting, the Sheriff should separate the duties involving the opening of mail, depositing of cash, posting of transactions to the ledgers, and preparing financial reports. If, due to a limited number of staff, that is not feasible, strong oversight over these areas should occur and involve an employee not currently performing any of those functions. Additionally, the Sheriff could provide this oversight. If the Sheriff does implement compensating controls, these should be noted on appropriate source documentation.

*Sheriff's response: None.*

**The Sheriff should ensure that expenditures are paid from the appropriate account.** The Sheriff engaged in the practice of transferring funds from his 2011 Fee Account to his 2010 Fee Account in order to cover operating expenses of his office in calendar year 2010. Our examination of disbursements indicated in February 2011, \$10,616 was expended from the 2011 Fee Account to cover the remaining balance owed for his 2010 State Advancement.

We recommend the Sheriff refrain from disbursing funds from the current year's Fee Account to cover operating expenses of a prior year's Fee Account.

*Sheriff's response: Duly noted.*

**The Sheriff has an uncorrected deficit of \$10,616 in his 2010 Fee Account.** During the audit, we noted the Sheriff has not corrected a deficit of \$10,616 in his 2010 Fee Account.

Subsequent to December 31, 2010 the Sheriff expended funds from the 2011 Fee Account to cover 2010 expenses, which resulted in a deficit in the prior year.

We recommend the Sheriff deposit personal funds of \$10,616 to cover the deficit in his 2010 Fee Account. Once the money is received, the funds should be transferred to the fiscal court as 2011 excess fees. We further recommend in the future that the Sheriff monitor budgeted and actual expenditures in order to foresee any possible shortages.

*Sheriff's response: Duly noted.*

The sheriff's responsibilities include collecting property taxes, providing law enforcement and performing services for the county fiscal court and courts of justice. The sheriff's office is funded through statutory commissions and fees collected in conjunction with these duties.

The [audit report](#) can be found on the auditor's website.

###

*The Auditor of Public Accounts ensures that public resources are protected, accurately valued, properly accounted for, and effectively employed to raise the quality of life of Kentuckians.*

*For more information, visit [auditor.ky.gov](http://auditor.ky.gov) and follow Auditor Edelen on Twitter @AuditorKY, [facebook.com/AuditorKY](https://facebook.com/AuditorKY) and [youtube.com/AuditorKY](https://youtube.com/AuditorKY). Call 1-800-KY-ALERT or visit our website to report suspected waste and abuse.*